

CLEVELAND PUBLIC LIBRARY
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CORPORATION FILE

J. J. NEWBERRY CO.

ANNUAL REPORT

for the Year

1947

J. J. NEWBERRY CO.



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for the Year

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J. J. NEWBERRY CO.

245 FIFTH AVENUE

New York

OFFICERS

J. J. NEWBERRY	<i>Chairman of the Board</i>
E. A. NEWBERRY	<i>President</i>
J. E. NELSON	<i>Vice-President</i>
F. R. SMITH	<i>Vice-President</i>
J. H. EWEN	<i>Vice-President and Treasurer</i>
H. M. WILLGOHS	<i>Secretary and Comptroller</i>
F. S. NEWBERRY	<i>Assistant Secretary</i>
W. C. STRAUS	<i>Assistant Treasurer</i>

DIRECTORS

J. J. NEWBERRY	E. A. NEWBERRY	
J. E. NELSON	F. S. NEWBERRY	F. R. SMITH
ANNA C. NEWBERRY	W. C. BAKER	C. T. NEWBERRY
J. H. EWEN	J. J. NEWBERRY, JR.	M. G. PALLISTER
W. P. HUKILL	W. C. SCHULZ	

TRANSFER AGENT	<i>Corporation Trust Co., New York</i>
REGISTRAR	<i>Guaranty Trust Co., New York</i>
GENERAL COUNSEL	<i>Pallister & Pallister</i>
AUDITORS	<i>Peat, Marwick, Mitchell & Co.</i>

TO OUR STOCKHOLDERS:

The Board of Directors are pleased to present herewith THE FINANCIAL STATEMENTS of the Company for the year ended December 31, 1947 together with the report thereon of Peat, Marwick, Mitchell & Co., independent public accountants.

SALES FOR 1947 reached the highest figure in the Company's history, totaling \$117,860,227, an increase of \$4,631,260 over the year 1946.

The Year 1947 completed thirty-six years of operation by the Company. During that time the sales failed to increase during two years, 1917 and 1938. With these two exceptions, the Company has shown an increase in sales every year.

ONE NEW STORE WAS ADDED IN 1947. Three stores were discontinued permanently due to leases expiring or shopping centers having changed, making them unprofitable to continue operation.

Four other stores were closed through a portion of 1947, continuing closed throughout the month of December, due to a fire and other causes.

OUR EXPANSION AND STORE IMPROVEMENT PROGRAM continued during 1947.

Thirteen stores were enlarged to provide additional selling space. Due to the present high cost of construction work, several of these improvements were made on a temporary basis until more favorable building conditions return.

Seven other stores were modernized without any enlargement during 1947. Our plan is to continue the expansion and improvement program during 1948 where the sales possibilities warrant the present high cost of construction.

INVENTORY: A major effort was made throughout 1947 to eliminate from inventory all merchandise which a serious deflationary period would adversely affect from a price standpoint.

This resulted in sacrificing sales and profits slightly in favor of a healthier future condition regarding inventory.

Inventories as of December 31, 1947 totaled \$17,070,990 compared with \$17,641,430 at the close of 1946, a decrease of \$570,440.

SALARIES, WAGES AND PAYMENTS FOR EMPLOYEE BENEFITS for 1947 totaled \$20,983,467, distributed as follows:

Salaries and Wages.....	\$20,097,648
Retirement Pension, Group Life Insurance, Hospitalization, Surgery and Accident & Sickness Insurance.....	409,149
Unemployment Insurance and Federal Old Age Benefits.....	476,670

TAXES OF ALL DESCRIPTIONS PAID OUT OF COMPANY GROSS INCOME (not including taxes paid by the Company for Unemployment Insurance and Federal Old Age Benefits) FOR 1947 TOTALED \$5,456,686.

The Company collected from customers and turned over to proper governmental authorities sales and excise taxes totaling \$2,338,294.

AFTER ALL TAXES AND OPERATING EXPENSES, the net profits of the Company amounted to \$6,919,841 or \$4.30 per share of common stock after preferred stock dividends. This compares with \$7,582,272 or \$4.74 per common share for 1946.

DIVIDENDS were paid to common and preferred stockholders during the year totaling \$3,418,578.

To common stockholders.....	\$3,043,568
To preferred stockholders.....	375,010

In 1946 total dividends paid amounted to \$2,429,417.

The Company's financial condition remains strong. Current assets at December 31, 1947 were \$32,243,427 compared with \$33,124,264 at the end of 1946.

Current liabilities at December 31, 1947 were \$6,364,027 compared with \$9,099,394 at the close of 1946.

Cash on hand and United States Government securities, in excess of our Company Federal Income Tax liability amounts to \$14,810,910.

This financial position will permit going forward with a substantial store improvement and expansion program when it is deemed wise from the cost standpoint.

It is with a feeling of keen loss and sorrow we report the death of two members of our Board of Directors during 1947—Mr. Walter Williams and Mr. Thomas H. Hochstrasser.

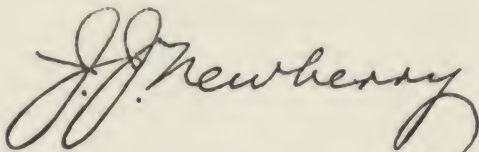
Mr. Hochstrasser, also a valued Vice-President, had been actively associated with the Company since 1921 and in later years was in charge of the buying staff. He became a Director and Vice-President in 1923.

Mr. Williams was elected a Director in 1927 and served continuously until his death. He contributed excellent judgment and much experience to the operation of our Company.

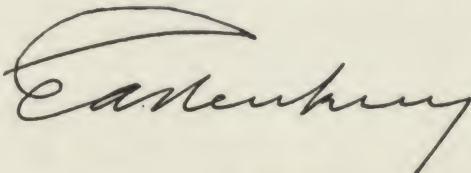
It is always a pleasure and privilege to extend congratulations and our appreciation to our thousands of employees scattered throughout the country for their fine work and loyalty.

While the future is difficult to predict with any degree of certainty, we have entered 1948 hopeful of continued good business toward which the entire Newberry organization is working with determination and enthusiasm.

Very truly yours,



Chairman of the Board.



President

March 8, 1948.

ACCOUNTANTS' REPORT

To The Board of Directors,

J. J. NEWBERRY Co.,

New York, N. Y.

We have examined the consolidated balance sheet of J. J. Newberry Co. and subsidiary companies as of December 31, 1947 and the statements of consolidated profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards and included all procedures which we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and related statements of consolidated profit and loss and surplus present fairly the consolidated position of J. J. Newberry Co. and subsidiary companies at December 31, 1947 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.

New York, N. Y.

March 5, 1948.

J. J. NEWB
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 1947
in comparison with

A S S E T S

	December 31, 1947	1946
CURRENT ASSETS:		
Cash in banks, on hand and in transit.....	\$12,764,299	\$12,983,352
Miscellaneous accounts receivable.....	361,527	206,201
U. S. Treasury Savings Notes, Series C, less amount deducted from Federal tax liability (contra), \$4,288,563 as of December 31, 1947; \$4,680,893 as of December 31, 1946.....	1,881,437	2,119,107
Other U. S. Government securities—at cost....	165,174	174,174
Merchandise, at the lower of cost or market...	17,070,990	17,641,430
TOTAL CURRENT ASSETS.....	32,243,427	33,124,264
MISCELLANEOUS INVESTMENTS AND ADVANCES (at cost).....	525,532	524,622
PROPERTY AND EQUIPMENT:		
Land, buildings and improvements, at or below cost.....	11,168,069	9,780,359
Furniture and fixtures, at cost.....	13,141,882	12,413,123
	24,309,951	22,193,482
Less Reserves for depreciation.....	9,071,838	8,244,799
	15,238,113	13,948,683
Alterations and improvements to leased prem- ises, at or below cost.....	5,823,458	5,487,804
Less Reserve for amortization.....	2,839,256	2,631,963
	2,984,202	2,855,841
TOTAL PROPERTY AND EQUIPMENT (net) ..	18,222,315	16,804,524
PREPAID EXPENSES AND DEFERRED CHARGES:		
Unexpired insurance, supplies, prepaid rents, taxes, pension premiums, etc.....	781,445	664,061
Improvements to leased properties (recoverable) and miscellaneous deferred charges.....	115,584	92,468
TOTAL PREPAID EXPENSES, ETC.....	897,029	756,529
	\$51,888,303	\$51,209,939

ERRY CO

Y COMPANIES

BALANCE SHEET

December 31, 1947

December 31, 1946

LIABILITIES

	December 31, 1947	December 31, 1946
CURRENT LIABILITIES:		
Accounts payable, bonuses and accrued liabilities	\$ 6,270,275	\$ 9,005,642
Provision for Federal income taxes (less U. S. Treasury Savings Notes, Series C, \$4,288,563 as of December 31, 1947; \$4,680,893 as of December 31, 1946).....	—	—
Dividend payable on preferred stock—due February 1 of following year.....	93,752	93,752
TOTAL CURRENT LIABILITIES.....	6,364,027	9,099,394
MORTGAGES PAYABLE ON REAL ESTATE (principal or installment payments due in 1948, \$61,000; in 1947, \$125,000).....	2,541,815	2,702,743
RESERVE FOR SELF-INSURANCE (fire and burglary)..<	294,786	221,390
CAPITAL STOCK AND SURPLUS:		
Cumulative Preferred Stock, par value \$100.00 per share:		
Authorized, 125,000 shares, issuable in series		
Issued, 100,000 shares, 3¾% Series (redeemable at \$104.50 per share to August 1, 1948 and on a decreasing scale to August 1, 1953 and at any time thereafter at \$101.50 per share, plus accrued dividends in each case).	10,000,000	10,000,000
Common Stock, no par value:		
Authorized, 2,000,000 shares		
Issued, 1,581,256 shares.....	5,208,572	5,208,572
Earned Surplus (preferred stock provisions limit amount distributable to common stockholders to \$11,678,614 as of December 31, 1947).....	27,782,065	24,280,802
	42,990,637	39,489,374
Less Cost of 59,472 shares of common stock in treasury.....	302,962	302,962
TOTAL CAPITAL STOCK AND SURPLUS.....	42,687,675	39,186,412
	\$51,888,303	\$51,209,939

J. J. NEWBERRY CO.
AND SUBSIDIARY COMPANIES

*STATEMENTS OF
CONSOLIDATED PROFIT AND LOSS AND SURPLUS*

FOR THE YEAR ENDED DECEMBER 31, 1947
in comparison with the year ended December 31, 1946

PROFIT AND LOSS

	Year ended December 31, 1947	1946
Sales.....	\$117,860,227	\$113,228,967
Cost of Merchandise Sold and Operating Expenses, including general and administrative expenses and after deducting income from rentals.....	105,713,280	100,045,313
	12,146,947	13,183,654
Other income (net).....	92,747	98,369
	12,239,694	13,282,023
Deduct:		
Interest on mortgages and other interest.....	93,117	96,625
Provision for depreciation and amortization....	966,736	928,126
	1,059,853	1,024,751
	11,179,841	12,257,272
Provision for Federal Income Taxes.....	4,260,000	4,675,000
Net Income for the year transferred to Earned Surplus.....	\$ 6,919,841	\$ 7,582,272

EARNED SURPLUS

Balance at beginning of year.....	\$ 24,280,802	\$ 19,127,947
Net Income for the year.....	6,919,841	7,582,272
	31,200,643	26,710,219
Less Dividends:		
3¾% Cumulative Preferred Stock.....	375,010	375,009
Common Stock—in 1947, \$2.00 per share; in 1946, \$1.35 per share.....	3,043,568	2,054,408
	3,418,578	2,429,417
Balance at end of year.....	\$ 27,782,065	\$ 24,280,802

RECORD OF SALES AND EARNINGS

<i>Year</i>	<i>Number of Stores</i>	<i>Sales</i>	<i>Earnings per share on Common Stock Outstanding</i>
1912.....	1	\$ 32,383	N O T
1913.....	2	42,184	
1914.....	3	92,640	
1915.....	5	116,009	I N C O R P O R A T E D
1916.....	5	151,465	
1917.....	6	149,466	
1918.....	7	276,449	
1919.....	17	502,445	
1920.....	17	751,984	
1921.....	26	1,157,234	
1922.....	33	1,750,066	
1923.....	51	3,564,947	\$4.68
1924.....	68	5,114,339	6.42
1925.....	86	6,897,414	8.28
1926.....	112	9,985,074	*3.06
1927.....	151	15,069,159	3.65
1928.....	210	20,609,366	4.62
1929.....	279	27,789,369	†3.15
1930.....	335	30,187,392	2.22
1931.....	379	31,146,802	1.73
1932.....	406	33,121,670	1.07
1933.....	417	35,146,574	3.06
1934.....	431	41,054,218	5.38
1935.....	450	43,388,611	4.94
1936.....	461	48,376,510	6.03
1937.....	469	50,315,454	5.27
1938.....	476	49,040,697	4.04
1939.....	479	52,272,953	5.44
1940.....	486	55,879,580	4.53
1941.....	488	64,228,956	6.40
1942.....	492	77,313,152	6.70
1943.....	491	91,028,763	7.58
1944.....	491	95,861,688	7.39
1945.....	488	100,868,759	†1.93
1946.....	487	113,228,967	4.74
1947.....	485	117,860,227	4.30

* Stock split-up 4 shares for 1 in 1926.

† Stock split-up 3 shares for 2 and rights to subscribe to 10% of holdings issued May 1st, 1929.

‡ Stock split-up 4 shares for 1 in 1945.

STORE LOCATIONS

Alabama—3

Birmingham
Dothan
Montgomery

Arizona—3

Douglas
Nogales
Phoenix

Arkansas—2

Hot Springs
Pine Bluff

California—68

Alhambra
Bakersfield
Bellflower
Beverly Hills
Brawley
Burbank
Compton
Covina
Downey
El Centro
Fresno
Glendale
Hanford
Hollywood
Huntington
Park (2)
Inglewood
Long Beach (2)
Los Angeles (17)
Marysville
Merced
Modesto
North Hollywood
Oakland
Ocean Park
Ontario
Pasadena
Pomona
Redlands
Redondo Beach
Salinas
San Bernardino
San Francisco
San Jose
San Mateo
San Pedro (2)
Santa Ana
Santa Barbara
Santa Cruz
Santa Monica (2)
Santa Rosa
So. Pasadena
Studio City
Torrance
Vallejo

Calif. [Contd.]

Van Nuys
Ventura
Visalia
Whittier

Colorado—4

Denver
Fort Collins
La Junta
Pueblo

Connecticut—5

Hartford
New Haven
Norwalk
Wallingford
Winsted

Florida—2

Pensacola
Tampa

Georgia—3

Atlanta
Columbus
Macon

Idaho—4

Boise
Lewiston
Pocatello
Twin Falls

Illinois—12

Alton
Belleville
Canton
Collinsville
Dixon
East St. Louis
Granite City
Litchfield
Macomb
Peoria
Rock Island
West Frankfort

Indiana—16

Auburn
Connersville
Decatur

Indiana [Contd.]

East Chicago
Gary
Goshen
Hammond
Hartford City
Indiana Harbor
Jasper
Jeffersonville
Marion
Martinsville
New Albany
New Castle
Whiting

Iowa—5

Boone
Iowa Falls
Newton
Ottumwa
Webster City

Kansas—3

Chanute
Coffeyville
Parsons

Kentucky—25

Bardstown
Central City
Corbin
Cynthiana
Danville
Elizabethtown
Frankfort
Glasgow
Harlan
Harrodsburg
Hazard
Henderson
Lawrenceburg
Lebanon
Louisville
Mayfield
Mt. Sterling
Owensboro
Paris
Pineville
Richmond
Shelbyville
Somerset
Versailles
Winchester

Louisiana—1

Lake Charles

Maine—22

Bangor
Bath
Biddeford
Calais
Caribou
Dover-Foxcroft
Eastport
Ellsworth
Farmington
Fort Fairfield
Fort Kent
Houlton
Lewiston
Lincoln
Madawaska
Mars Hill
Millinocket
Norway
Presque Isle
Rockland
Rumford
Van Buren

Maryland—6

Brunswick
Elkton
Frederick
Hagerstown
Pocomoke City
Salisbury

Massach'setts—29

Amesbury
Attleboro
Boston
Brockton
Bridgewater
Chelsea
Clinton
Fall River
Falmouth
Framingham
Franklin
Gardner
Haverhill
Holyoke
Lawrence
Leominster
Lowell
Maynard
Newburyport
North Adams
North Attleboro
Pittsfield
Rockland
Stoughton
Wakefield
Ware
Whitman
Woburn
Worcester

Michigan—13

Alma
Calumet
Charlotte
Coldwater
Houghton
Iron Mountain
Iron River
Ishpeming
Ludington
Manistee
Midland
Port Huron
Three Rivers

Minnesota—2

St. Cloud
Duluth

Mississippi—1

Meridian

Missouri—12

Cape Girardeau
Columbia
Excelsior Spgs.
Hannibal
Jefferson City
Joplin
Maplewood
Poplar Bluff
St. Louis (3)
Springfield

Montana—2

Billings
Great Falls

New Hampshire—15

Berlin
Claremont
Concord
Derry
Dover
Franklin
Keene
Laconia
Littleton
Manchester
Nashua
Plymouth
Portsmouth
Rochester
Tilton

STORE LOCATIONS—Continued

New Jersey—17	N. Y. [Contd.]	Ohio [Contd.]	Penn. [Contd.]	Utah—1
Asbury Park	Mechanicville	Lima	Philadelphia	Ogden
Atlantic City	Middletown	Massillon	Phoenixville	
Boonton	Niagara Falls	New Philadelphia	Pottstown	
Bridgeton	Northville	Painesville	Renovo	Vermont—7
Caldwell	Nyack	Tiffin	Royersford	Barre
Dover	Ogdensburg	Warren	Sayre	Bellows Falls
Freehold	Oneonta	Wooster	Scranton	Newport
Hackettstown	Ossining	Zanesville	Shamokin	Rutland
Hammonton	Owego		Shenandoah	Springfield
Keyport	Peekskill		Somerset	White River
Long Branch	Penn Yan	Oklahoma—3	Stroudsburg	Junction
Millville	Perry	Okmulgee	Sunbury	Windsor
New Brunswick	Port Jervis	Sapulpa	Tamaqua	
Newton	Poughkeepsie	Tulsa	Towanda	
Red Bank	Salamanca		Waynesboro	
Vineland	Saranac Lake		Wellsboro	
Wildwood	Saratoga Springs		West Chester	
	Saugerties	Oregon—6		
	Ticonderoga	Astoria		Virginia—13
New Mexico—2	Tupper Lake	Bend		Bedford
Las Vegas	Walton	Eugene	Rhode Island—4	Clifton Forge
Raton	Watertown	Klamath Falls	Newport	Culpeper
	Wellsville	Medford	Providence	Farmville
	Whitehall	Portland	Warren	Fredericksburg
			West Warwick	Front Royal
New York—57				Lexington
Albany	N. Carolina—5	Pennsylvania—48		Norfolk
Albion	Asheville	Ashland	So. Carolina—3	Salem
Amsterdam	Monroe	Berwick	Camden	South Boston
Auburn	Oxford	Bloomsburg	Chester	Staunton
Ballston Spa	Reidsville	Bradford	Rock Hill	Winchester
Batavia	Statesville	Carbondale		Wytheville
Bath		Chambersburg		
Buffalo	North Dakota—2	Coalport		Washington—7
Canandaigua	Fargo	Coatesville	South Dakota—8	Bellingham
Canton	Grand Forks	Danville	Aberdeen	Everett
Carthage		Downingtown	Huron	Longview
Catskill		Du Bois	Lead	Spokane
Cobleskill	Ohio—28	Ephrata	Mitchell	Walla Walla
Cohoes	Ashland	Forest City	Rapid City	Wenatchee
Cooperstown	Ashtabula	Freeland	Sioux Falls	Yakima
Corning	Bowling Green	Homestead	Vermillion	
Cortland	Bryan	Jersey Shore	Yankton	West Virginia—3
Elmira	Bucyrus	Kulpmont		Charleston
Endicott	Cambridge	Lansford		Charles Town
Gloversville	Chillicothe	Lewisburg		Martinsburg
Gouverneur	Cincinnati	Lock Haven	Tennessee—2	
Greenpoint	Cleveland (3)	McAdoo	Gallatin	Wisconsin—5
Herkimer	Columbus	Mahanoy City	Jellico	Fond Du Lac
Hornell	Conneaut	Mauch Chunk		Kenosha
Hudson	Coshocton	Middletown		Oshkosh
Ithaca	East Palestine	Milton	Texas—4	Rhineland
Johnstown	Findlay	Mt. Carmel	Amarillo	Superior
Kingston	Fremont	Nanticoke	Denison	
Little Falls	Hamilton	Newport	El Paso	Wyoming—2
Lockport	Ironton	Northampton	Texarkana	Cheyenne
Lyons	Lancaster	Olyphant		Rock Springs
Malone		Oxford		
Massena				

Figures in parentheses indicate the number of stores in cities where more than one store is in operation.

